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DEPARTMENT OF STATE

Memorandum of Conversation
TELEPHONE

DATE: July 2, 1954
10:50 a.m.

SUBJECT: Guatemala - Negotiations Leading to Signature of Pact

to Guatemala

PARTICIPANTS: American Ambassador/John E. Peurifoy, in San Salvador
Assistant Secretary of State Henry F. Holland

COPIES TO: S - The Secretary
U - General Smith
G - Mr. Murphy

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Mr. Holland got through to Ambassador Peurifoy at 10:50 a.m. Ambassador Peurifoy said the Pact was signed at 5:00 a.m. He asked if Mr. Holland had received his telegram; he had tried to telephone but there was no service until eight o'clock their time.

Ambassador Peurifoy said there are five members of the Junta (Castillo Armas, Olivia and three others whose names were not clear). Monzon retains the Presidency of the Junta for two weeks after which time they will vote on whom they want to be President of the Junta. They plan to have elections as soon as peace and tranquillity return to the country.

Mr. Holland asked about a decision with respect to Chief of the Armed Forces. Ambassador Peurifoy said there had been none but that Colonel Cruz who is a member of the Junta may get that post, and Peurifoy certainly would be satisfied with him.

Amb. Peurifoy said Castillo Armas had caused the most trouble; that he was very sticky and did not want to give an inch. On the other hand, he said Monzon acted like a stateman and did all the giving-in. They finally got together enough to make an agreement.

Amb. Peurifoy said both Castillo Armas and Monzon had agreed to leave with him at eleven o'clock for Guatemala. He just received word by phone that Castillo had gone to Chiquimula, would spend the night in Tegucigalpa and then go on to Guatemala--which may be a rumor since he had agreed only a short time before to go with the others. Amb. Peurifoy said if it was true it would be the first broken word in the agreement. He fears we

will have

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will have trouble with Castillo Armas. The main thing is that an agreement was reached and now we can at least start work on the diplomatic aspects of the situation.

Mr. Holland referred to the Inter-American Peace Committee mission which is in Mexico City. He said he thought it would be desirable for them to go on to Guatemala and have a love feast. Amb. Peurifoy said it would be a good idea and would try to get a decision as soon as possible about inviting them to go on to Guatemala. Mr. Holland is suggesting that the Peace Committee remain in Mexico until word from Amb. Peurifoy is received.

Mr. Holland inquired whether measures have been taken to go after documentary evidence to reconstruct the picture of what has been happening in Guatemala, which could conceivably lead to a gold mine of information. Amb. Peurifoy said that they had and that he has tried to give it top priority. The Junta has agreed to turn over anything they have to us. Mr. Holland asked Amb. Peurifoy to let us know if they needed any additional help. Amb. Peurifoy said he needed the research men he had previously mention, and Mr. Holland advised him that two men were on the way and would get there as soon as they could. Amb. Peurifoy mentioned that commercial airlines were still not going in to Guatemala.

Mr. Holland said that John Hill was on his way back and Amb. Peurifoy said he hoped he could delay his departure long enough to take him back with him.

Mr. Holland asked if the meeting was of a harmonious nature. Amb. Peurifoy said that when he got there he saw President Osorio first who said he didn't have a prayer of doing anything with the situation. In all due modesty, Amb. Peurifoy said that within an hour--after talking for about 30 minutes with each man--he had a basic agreement. The rest of the time--all night long--they were fighting over details. On signing the Pact they embraced each other. Monzon has offered to get out if he is the stumbling block. Frankly Amb. Peurifoy doesn't want him to get out now because he lends stability. Some of Castillo Armas' advisers bother Amb. Peurifoy. Castillo Armas would agree to something and then would come back and say his advisers said it couldn't be done. Amb. Peurifoy said he finally asked Castillo who was the boss and asked him to bring the boss in so he could talk with him. This took Castillo aback.

Mr. Holland asked Amb. Peurifoy to express the Secretary's gratitude to President Osorio for his conduct of the situation.

Amb. Peurifoy said he had made a statement expressing satisfaction and appreciation of the way the matter was conducted.

Mr. Holland told Amb. Peurifoy that from this point on we have to play down our part. Amb. Peurifoy agreed and said that the Papal Nuncio and the Salvadoran Ambassador had signed the Pact. They asked him to sign it also, but he had refused. Mr. Holland agreed that he had acted correctly.

Mr. Holland told Ambassador Peurifoy that he had done a fine job and that the Secretary was proud of him.

Mr. Holland also said there was a lot of work ahead of us.

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Info

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1. FOA is complying promptly to request for medicines as listed.

2. When you consider time appropriate suggest you express sympathetic interest fiscal situation new Government and give Department your views concerning assistance that might be needed. Understand currency stable and Guatemala could obtain IMF assistance if necessary. Assume Guatemalan Central Bank can advance immediate needs if treasury depleted.

3. FOA Director for Central America, Wyman R. Stone, will be in Panama July 8-16, Costa Rica July 16-20, and other capitals few days each before arriving Guatemala about July 29, but will come Guatemala sooner any time you request if it seems desirable discuss technical assistance with Guatemalan authorities, particularly assistance in rural development or rural education.

4. Department has suggested to W. R. Grace and Company that it be prepared to make concrete proposals to new Guatemalan Government at proper time re renewal life corporation for wharf operation or possible sale to Government with possible Company operating contracts.

5. Department urging UFCO be prepared at proper time to propose new contract Guatemalan Government and offer other generous arrangements.

6. Department will when you recommend address note Guatemalan Embassy suggesting renewal Guatemalan request in note December 17, 1952 re

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cooperative construction Inter-American Highway. Efforts now in process with Appropriations Committees for supplemental appropriation that would provide sufficient funds for US share construction highway Selegua Gap.

7. Would appreciate your recommendations on timing re statement of confidence by high US authorities specifically directed to tourist travel Guatemala.

8. In your discretion at proper time suggest new Guatemalan Government make formal requests renewal Army and Air Force Mission agreements.

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~~JFD~~ DULLES

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